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# Foreword

**D**uring the first year since regulatory reform has been launched in Ukraine the objective has been to reduce the burden of administrative intervention in business. To this end, measures were developed to eliminate existing normative acts and prevent new ones.

Although this work was done thoroughly and productively, it was a self-defeating activity for the long term. In reality, deregulation reinforced the old system of state control instead of creating a new market-regulatory system. The possibility of correcting the administrative system within the old framework was a mere illusion.

The system of state administrative control is based on an antagonistic attitude to entrepreneurs, who are seen as potentially harmful to the interests of the mythic 'state' and 'the people'. Market regulatory reforms, on the other hand, protect entrepreneurs from the offending deeds of individuals or state bodies.

Therefore, at the initial stage of regulatory reform in Ukraine normative acts which allowed or even provoked unfair practices between entrepreneurs were not reviewed at all. This may be easily understood, as it was still an administrative control system attempting to improve market regulation.

Maintaining an entirely reactive type of regulatory reform in the future is not effective, either. It is necessary to create a fundamentally new, market-oriented system of state regulation, different from that under totalitarianism. The first steps towards this system must entail:

- an analysis of the qualitative difference between administrative control and market regulation by the state; and
- the determination of the characteristics, structure, and mechanisms of the desired market regulatory system.

At the next stage of regulatory reform, a new market-oriented role of the government should be defined with respect to economic activities of the population. Only based on this new role will it be possible to formulate new normative acts and address related problems.

The extensive reform process which has been launched in Ukraine and other FSU countries is a challenging expedition into the unknown. It will require constantly checking the

## Regulatory reform

consistency between directions being taken and the overall objective. Technical assistance projects which help us to advance more consciously and rapidly will help Ukraine to accomplish this task. ICPS has committed to assessing the results of regulatory reform achieved during this first year and working on the Conception for the State Regulatory Policy together with the government.

*Vira NANIVSKA, Director of the International Centre for Policy Studies*

# Embarking on a New Stage of Regulatory Reform in Ukraine

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It has been almost one year since regulatory reform started being introduced in Ukraine. Its first stage, entailing prompt deregulation of normative-legal acts of central and local executive bodies by the State Committee for Entrepreneurship (SCE), has been accomplished. Over the year the SCE adopted decisions on annulling or amending 70 acts of ministries, agencies, and local public administrations. Of those, over 30 regulatory acts were actually annulled or significantly changed, having a marked impact on business, according to regular feedback research. In some cases the economic effect of deregulation was calculated at tens of millions of hryvnias, saved by businesspeople, consumers, and budgets of all levels. Meanwhile, various observers, decision makers, and businesspeople repeatedly emphasise that the current approach is still inadequate, since it is unable to provide new quality conditions for conducting business in Ukraine. Questions logically arise whether the chosen strategic way of reform is the most correct, and whether current methods and approaches are sufficient. In order to answer these questions it is necessary to conduct a detailed analysis of current state policy in the field of regulatory reform and consider possible alternatives or improvements.

## Current government policy on regulatory reform

Current criteria for consistent state regulatory reform have two priorities:

1. Revision of current regulations by SCE and the Inter-Agency Council for Deregulation of Entrepreneurial Activity
2. Forestalling ineffective drafts of new regulations by means of a reconciliation procedure with the SCE and the Licensing Chamber of Ukraine.

*Current criteria for consistent state regulatory reform have two priorities: (1) Revising current regulations and (2) forestalling ineffective drafts of new regulations*

*The existing procedure for revising regulatory acts in Ukraine has been quite effective for the first stage of regulatory reform. However, the insufficient results of regulatory reform and lack of a more systematic approach have been noted on more than one occasion. One of the ways to solve such a dilemma is to separate out systematic regulatory reform from the simultaneous improvement of ongoing deregulation. The main product of systematic reform should be adopting the Conception for the State Regulatory Policy for specific sectors of the economy*

## *1. Revising regulatory acts*

The revision of current regulatory acts<sup>1</sup> is being accomplished in Ukraine according to the following six stages:

**1. PRIORITISATION OF REGULATIONS FOR REVISION.** The current stage of implementation of regulatory reform that deals with prioritising regulations for revision is based only on an analysis of complaints and suggestions submitted to the SCE by businesspeople.

**2. CONSULTATION WITH ENTREPRENEURS ON ARGUMENTATION.** Consultations with businesspeople on possible arguments take place only in specific cases, in the form of semi-structured questionnaires, focus groups, and round tables.

**3. ANALYSIS OF REGULATORY ACTS AND SUBMISSION OF PROPOSALS BY THE SCE.** Analysis of regulatory acts has two components:

### (a) Legal

- examine the legitimacy of regulatory acts to assure compliance with legislative acts of higher order, such as the Constitution of Ukraine, laws, decrees, resolutions, etc;
- verify whether legislative acts exceed the authority of agencies provided by law and whether they are consistent;
- determine whether regulatory elements contradict or duplicate each other;
- verify whether there are terms or phrases which require clarification or a more detailed definition or description.

### (b) Economic (rationale for the regulation)

- clearly define the goal of the regulation;
- Are there alternative ways to achieve this goal?
- Does the existing regulation is achieving the goal?

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<sup>1</sup> The feasibility and procedures for the revision were established by Presidential Decree No. 79/98 "On eliminating restrictions hindering the development of entrepreneurial activity" dated Feb. 3, 1998 and by Resolution No. 1310 of the Cabinet of Ministers of Ukraine "On the procedure central executive bodies and heads of local state administrations to appeal decisions by the State Committee for Entrepreneurship" dated Aug. 17, 1998.

- Is this regulation the most effective way of achieving the goal (i.e., cost-benefit analysis)?

**4. RECONCILIATION OF PROPOSALS WITH REGULATORY AGENCIES.** The issue of reconciling SCE proposals with regulatory agencies has been largely ignored until recently. The initiative for reconciliation has to come from regulatory agencies, which usually ignore this problem. If reconciliation does take place, it is generally in the form of round tables, and participants tend to be experts from relevant departments but with no authority to adopt final decisions. Nevertheless, in more than half of the cases, regulatory agencies agree with the SCE's arguments and revoke or amend their normative acts right away.

**5. IN CASES WHERE PROPOSALS ARE NOT RECONCILED, SUBMISSION OF RELEVANT DOCUMENTS TO THE INTERAGENCY COUNCIL FOR DEREGULATION FOR A FINAL DECISION.** Only 15 - 20% of SCE proposals are submitted to the Interagency Council for Deregulation. Effective work of the council depends on the clarity of distinguished positions of the SCE and regulatory agencies. Should they be lacking, additional reconciliation is needed and final decisions are difficult to adopt.

**6. FOLLOW UP ON THE IMPLEMENTATION OF DECISIONS.** Following up on the implementation of deregulatory decisions consists of studying and analysing the actual situation in the field. The process includes conducting feedback research, based on independent sociological surveys to determine whether businesspeople subject to regulation truly feel that declared changes are taking place. Implementation is considered unsatisfactory if more than 5% of respondents say so.

The existing procedure for revising regulatory acts in Ukraine has been quite effective for the first stage of regulatory reform. First of all, an administrative and procedural foundation has been laid to analyse regulatory acts. Ministries, agencies, and local authorities have examined their effectiveness through practical analyses and amendments of over 70 regulatory acts. An established general procedure for prioritising to monitoring the implementation of adopted decisions has proven its effectiveness. Second, systematic reviews of complaints and proposals submitted by businesspeople as well as consultations have encouraged intensive dialogue between the private sector and the state through the SCE.

Nevertheless, the effectiveness of regulatory reform and lack of a more systematic approach have been noted on more than one occasion. Proposals by the SCE largely consist of either annulments or insignificant changes to specific regulations. New qualitative approaches to regulating whole sectors or branches are not being developed. An additional problem is the appearance of even more new regulations to replace the annulled ones. The current approach does not allow the SCE to allocate its limited resources effectively in order to implement significant changes for businesses.

It is obvious that this factor has both advantages and serious disadvantages. We are actually faced with a dilemma between the need for flexibility, achievement of prompt results, and effective feedback with businesspeople, on the one hand, and a more systematic long-term approach, on the other. One of the ways to solve this dilemma is to separate out the systematic regulatory reform, with the simultaneous improvement of current ongoing deregulation. This alternative will build upon measures which have already been achieved, and be an organic continuation of the previous stage of regulatory reform.

### Reactive deregulation

Prompt deregulation in response to situations arising must be based on the same approaches that are being used in the current stage of regulatory reform, with some changes to improve implementation capacity and effectiveness. This means that the prioritisation stage has to include analysis of complaints and recommendations by businesspeople.

The first objective in improving the effectiveness of prioritisation is to increase information available to the SCE from businesspeople, which would allow the committee to prioritise regulations by the number of appeals. The basic means for increasing information flow include systematically collecting data in the regions and working with business associations and other NGOs. Using current resources, this can be achieved with the help of:

- local SCE authorised representatives;
- public hours in its offices;
- co-operation with business associations.

After prioritisation, it is necessary to hold more consultations with businesses on possible argumentation, which can be achieved by means of semi-structured questionnaires and

focus groups. This will leave out regulations that do not negatively affect business, and will also attract attention and resources toward the most expensive and ineffectual regulations. Moreover, the quality of economic analysis of regulatory acts will increase considerably.

While analysing regulations, the SCE should turn its attention to economic arguments concerning the usefulness and effectiveness of regulatory acts. Mandatory consultations should also be introduced between the SCE and relevant regulatory agencies. This, in the long run, will lessen the number of analyses submitted for consideration, and the Interagency Council will receive only those regulations with no alternative ways for reconciliation. In this case, it would be advisable to submit documents in the form of comparative tables. Decisions made by the Interagency Council should be clear and final, and possible further discussion and reconciliation must be restricted.

### Systematic regulatory reform

One of the objectives of the government is to develop principles of state regulation for each sector. These principles will act as a foundation for reviewing current legislation as to its appropriateness and effectiveness. Recommendations developed in the process of such reviews will become the basis for sound and consistent amendments to the legislative base of specific sectors of state regulation.

This component of regulatory reform is innovative and targeted to provide systematic and irreversible reform. The main function of this component lies in the complex re-regulation of whole sectors of the Ukrainian economy, with the aim of increasing effectiveness, level of compliance by business entities, and increasing effectiveness of state policy. In contrast to the previous component, whose outputs are annulled or changed regulatory acts of ministries, departments, and state regional administrations, this component will have the following outputs:

- Conception for the State Regulatory Policy for specific sectors of the economy (i.e., construction, manufacture of food products, etc.);
- package of recommendations on amendments to laws and resolutions of the Cabinet of Ministers that are relevant to the Conception.



- objectives and recommendations concerning amendments of state standards or regulatory acts of ministries and agencies that are relevant to the Conception.

Adopting the Conception for the State Regulatory Policy for specific sectors of the economy will enable the government to clearly define and declare its goals as well as conduct a more consistent and predictable policy. In order to do this, the Conception must become the main document to be used in reconciling draft regulations in the future.

Systematic sectoral regulatory reform should be implemented in the following stages:

1. Define a sector.
2. Establish a temporary work group to develop the draft Conception.
3. Publish the draft Conception.
4. Collect and analyse recommendations, hold discussions with representatives of the non-government sector.
5. Submit the Conception for approval by the Cabinet of Ministers of Ukraine.
6. Develop recommendations on changes to laws and Cabinet of Ministers resolutions which are relevant to the Conception.
7. Approval of the recommendations package by the work group.
8. Implement recommendations through the Cabinet of Ministers and Parliament.
9. Establish objectives and develop proposals on changes to regulatory acts of ministries and agencies.

In order to increase real effectiveness and encourage economic growth, the methods for identifying sectors to be reformed should be based on the following criteria: the regulatory climate in the sector must be the most important factor that stifles growth. In other words, it is necessary to choose sectors that are influential and also have a sufficiently developed infrastructure.

The temporary work group must include representatives from the Office of the Deputy Prime Minister for Economic Reforms, the SCE, the Ministry of Economy, other relevant ministries and agencies, and representatives of NGOs, especially business associations and research centers. The main

factor in implementing successful regulatory reform is to create conditions for all ministries and agencies involved in state regulation of the economy to actively participate in the reform process. The sectoral ministries and agencies themselves should play a key role in developing and justifying the draft Conception for Regulatory Reform in their sector. This will considerably increase the chances of the Conception being implemented successfully.

The next important and innovative stage is to publish the draft Conception. This will be an important step in increasing government transparency and establishing improved dialogue with the private sector. Moreover, analysing recommendations and taking them into account will considerably increase the quality and legitimacy of the Conception.

## *2. An organisational and procedural mechanism for reconciling new regulatory acts*

The reconciliation of draft regulations as to their compliance with regulatory reform criteria is stipulated in Presidential Decree No. 79/98 "On eliminating restrictions hindering the development of entrepreneurial activity" dated Feb. 3, 1998. The SCE was assigned responsibility for reconciliation. The procedure for reconciliation is consistent with administrative procedures on reconciliation in other central executive bodies. As with the revision of existing regulations, analyses conducted by the SCE comprise legal and economic components. Only draft regulatory acts are subject to analysis. At this point, the procedure looks as follows:

1. document submitted for reconciliation by a ministry or agency;
2. legal and economic analyses, conclusions;
3. agreement, agreement with comments, or objections from the head of the SCE;
4. decision sent back to the ministry or agency;
5. adoption of the regulation (draft laws are submitted to Parliament);
6. registration with the Ministry of Justice.

At this stage, the SCE receives 2 - 3 draft regulatory acts daily. Experts have one or two days to conduct analyses and prepare decisions. The SCE decisions, comments, or objections are not obligatory for execution.

*In terms of reconciling draft regulations, those who develop regulations must provide the rationale, while the SCE must either agree or provide arguments for its rejection. But the current situation is the opposite, and the SCE must prove why given regulations are not needed. The SCE's analysis of justifications and regulations themselves should only deal with economic aspects and compliance with the Conception on Regulation instead of legal analysis. Time constraints should also be set for consultations with NGOs.*

While the revision of existing regulations can be considered a long-term but temporary objective, which has a final goal, co-ordinating draft regulations is a continuing government activity aiming to develop effective administrative procedures for filtering out ineffective regulations. Certainly, this should be one of the government's main objectives in a market economy. Therefore, this aspect of regulatory reform is of the utmost importance since it is closely connected with administrative reform in Ukraine.

The current procedure and practice of reconciling regulations is not effective enough to achieve the abovementioned goals. It has the following major disadvantages:

- The SCE lacks the resources to conduct complete analyses of regulations submitted by all ministries and agencies;
- not all drafts are submitted to the SCE for reconciliation; and
- Unreconciled regulations are often signed (ignoring negative conclusions of the SCE).

The first disadvantage is systemic and it is impossible to eliminate it without increasing the SCE resources. It would be a mistake to state that the SCE is able to or should duplicate analytical work done by the whole government of Ukraine. As stated above, regulatory reform can be successful only if all ministries and agencies are consistent in carrying it out. In terms of reconciling draft regulations, this means that those who develop regulations must provide the rationale, while the SCE must either agree or provide arguments for its rejection. But the current situation is the opposite, and the burden is on the SCE to prove why given regulations are not needed.

In order to rectify this, first of all it is necessary to develop criteria for submitting draft regulations for reconciliation. These should include:

1. requirement to submit regulations with a rationale along with the text;
2. The rationale should contain:
  - objectives of the regulation;
  - calculations of possible effects from its implementation;

- indicators of effectiveness showing how this regulation will achieve its goals; and
  - description of a few alternative regulations with corresponding rationales.
3. If a Conception for regulating a particular sector exists, arguments must be provided on how this regulation complies with the Conception.

Second, the SCE's analysis of the rationale and the regulation itself should only deal with the social and economic aspects (cost-benefit analysis) and compliance with the Conception on Regulation, if there is one. Legal analysis should be conducted by the legal department of the Cabinet of Ministers and/or the Ministry of Justice.

Third, time constraints should be set for consultations with NGOs. In order to do this, regulations with brief rationales must be published in mass media. Analyses of NGO reactions and recommendations should be added to draft regulations during the final stage of reconciliation and adoption by the Cabinet of Ministers. This approach will greatly enhance dialogue between the government and the private sector, increase transparency in the decision-making process, and increase predictability of the regulatory climate in Ukraine.

The recommended three-stage approach will also contribute to solving problems of duplication and lack of resources at the SCE. As to the non-submission of draft regulations for reconciliation and ignoring the SCE decisions, these can be solved only if a new administrative procedure of reconciliation is developed for the SCE. The current framework procedure for reconciliation at the Cabinet of Ministers was developed for all relevant ministries and agencies. Obviously, if the ministries have a right to veto, this could paralyse the work of the entire government. Reconciling regulations qualitatively changes the SCE's responsibility. It will maintain the function of filtering out inadequate regulations. Only the Ministry of Justice has a similar function of preventing illegal decisions, but it is not identical, since in contrast to legality, decisions on adequacy can also have political aspects. This means that in many cases it is possible to justify political adoption of economically inadequate decisions. Therefore it is necessary to introduce a transparent procedure for the annulment of SCE decisions by the Prime Minister of Ukraine. In all other cases, it is necessary to require the Ministry of

Justice to register only those normative acts that are agreed to by the SCE with no comments.

## Prerequisites to successful implementation of regulatory reform

*In order to work out a more comprehensive approach to reforming regulatory policy in Ukraine it is necessary, first of all, to clearly define the goal of such policy and the basic prerequisites for achieving this goal. The first prerequisite is active dialogue between the state and market participants. The second prerequisite is the effective government actions.*

The analysis and recommendations provided above concern mostly those elements of state regulatory reform policy that have already been declared and are being implemented. In order to work out a more comprehensive approach to reforming regulatory policy in Ukraine it is necessary, first of all, to clearly define the goal of such policy and the basic prerequisites for achieving this goal. This “blueprint” will clearly highlight what has been achieved in the overall picture and allow us to outline the new elements required for success. The following analysis concerns the latter.

State regulatory policy in developed market economies is a process of balancing different and sometimes contradictory interests of market participants. This mostly applies to cases of “market failures” to self-regulate and cases when society consciously supports the restriction of certain commercial interests to secure what is considered to be public good. The role of the government in regulating must be fulfilled with great deliberation. First of all, its functions must include establishing and control over following transparent and fair rules by all market participants, which, in turn, will considerably increase the self-regulation of a market system. Second, direct government interference in the market must be restricted by criteria established beforehand to be maximally predictable and effective, that is, drawing minimal costs for all participants and facilitating the achievement of declared goals. Such a state regulation system, oriented toward exercising the constitutional right of citizens to conduct entrepreneurial activity not prohibited by law, can really promote a beneficial business climate in Ukraine, attract investments, and considerably increase the competitiveness of the Ukrainian economy.

If that is the goal of state regulatory policy, it can be fulfilled with the following two prerequisites.

The first is *active dialogue between the state and market participants*. It is necessary to ensure maximum equitability and predictability of regulations. The elements of this dialogue are transparency of state activities, including planning and

decision making, as well as responsibility of state bodies for fulfilling set goals.

This prerequisite is hard to ensure since Ukraine lacks the powerful institutions inherent in civil society. Today's situation can best be described as a "vicious circle". Civil society is weak because of certain widely known factors of historical development of post-socialist countries. As a result of this weakness the state does not have a lot to lose in the short term if it does not consider public opinion. This, in turn, negatively affects those who could unite and establish productive institutions; they do not expect any benefits from such unification because no one is going to listen to them. And that is where the circle starts again. However, it is possible and necessary to break through this "vicious circle". Most important is to see, test, and show others the way, from realising that a problem exists and a desire to change something to the actual and sound change. And the role of the government is to provide such opportunities, not in a declarative form but by concrete procedures for making and implementing decisions, as well as evaluating the implementation.

Some elements of this approach are already present in the current state regulatory reform policy, for example, the current SCE procedure for prioritisation and analysis of regulatory acts. But there is much potential which has not been tapped yet. For instance, the role of the non-government sector at the stage of planning and development of draft regulatory acts is minimal. Holding public discussions of draft regulations, and introducing a procedural obligation to have feedback from all interested parties at the stage of planning and development of concrete draft laws or other normative and legal acts, would considerably improve the dialogue between the state and the non-government sector, increasing predictability and trust in government activities as well as the viability of regulations.

The second prerequisite is the *effective activity* of the government that can be provided by stipulating of specific state bodies for their decisions and results to both state bodies of higher authority and the non-government sector. Policies of the state must be evaluated according to legitimate goals and expected outcomes. Such evaluation must be procedurally established and sustainable. The process itself must be maximally transparent and open for parallel evaluation by NGOs. In other words, procedures must be introduced for monitoring government activities. A very important element of this system is to conduct independent surveys. Ideally, re-

solving human resources and budget funding issues of government agencies and local state bodies in programs such as promotion of business activity, regional economic development etc., should be judged in terms of their effectiveness in achieving the declared goal.

Fulfilling the second prerequisite is of the utmost importance because it is practically the only way to increase the motivation of regulatory agencies to reform themselves and make optimal decisions concerning state regulation of the economy. Lack of such interest will mean that the success of regulatory reform in Ukraine will be marginal. The current situation, where regulatory agencies oppose both the SCE and NGOs, will simply continue, and even if the SCE wins a few battles, it will probably lose the war.

The draft Conception for a State Regulatory Policy provided for the reader's consideration is based on the analysis and arguments stated above.

# Conception for the State Regulatory Policy

*Draft for discussion*

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Articles 3 and 42 of the Constitution of Ukraine establish that the main activity and obligation of the state is to protect personal rights and freedoms, one of which is the right to conduct entrepreneurial activity not prohibited by law. Articles 3, 5, 41, and 42 of the Constitution declare that the state should protect the life, health, dignity, immunity, and safety of persons, the environment, and public interests as well as facilitate the effective exercising of authority by the people, both directly and through state executive bodies and local self-government. State regulatory policy is aimed at ensuring the parity of these basic citizen's rights.

## 1. Introduction

One of the main issues in analysing the causes of the decline of economic development in Ukraine and possible ways to overcome the current crisis is the role of the state in regulating economic and social processes. Today's existing methods and forms of state regulation of economic activity are principally based on the planned ("command and administrative") system of economic management. This former approach to centralised economic management through total control over economic entities, which was possible due to complete state ownership of the means of production and planning, is one of the main reasons why public administration institutions in Ukraine still strive to directly control the economy and the social sector.

Pointing to the inadequacies of market relations during the transition period, government bodies often replace self-regulating market mechanisms with direct state interference. Inadequate dialogue between the authorities and the private sector and citizens, as a result of a lack of proper feedback mechanisms, increases the probability of ineffective and often useless regulatory acts appearing. This, in turn, raises the operating costs of the economy in the legal sector, creating



conditions for the movement of economic activity into the shadow, undermining the authority of the state, and negatively affecting the investment climate in Ukraine.

The great number of inconsistent and unclear regulatory acts also creates a foundation for corruption among public administration bodies. Often a situation occurs, where the declared goals of state regulation, such as protecting public health, national security, and the environment, are not fulfilled. Maintaining the existing situation in state regulation and its effects on economic, political, and social conditions over the long terms pose a threat to national security.

Today it is possible to state that the model of economic activity existing in Ukraine has exhausted itself and is unable to ensure GDP growth; also, management of macroeconomic processes is characterised by low levels of executive discipline, inconsistency and instability of the legislative base, and distance from economic processes at the micro level. These, in turn, promote more negative processes and unpredictability of the situation in the real economy and the social sector. This situation demands that we seek for new ways to overcome the economic crisis, continue reforms, and achieve sustainable growth.

Ukraine's ability to overcome the economic crisis, continue reforms, and achieve sustainable growth to meet the social demands of the Ukrainian population depends on improving state regulation of the economy, by means of introducing a consistent and predictable state policy. Elements of this policy should include: establishing relevant procedures for reviewing existing regulatory acts and adopting new ones, monitoring the execution of adopted decisions, and consulting with the private sector. It is extremely important to motivate and create the organisational capacity of ministries, other central and regional executive bodies, and local self-government to consistently fulfil these procedures.

## 2. Definition and objective of state regulatory policy

*State regulatory policy* is the consistent and deliberate activity of government bodies, directed toward optimising state regulation of the economy and the social sector, increasing the feasibility, clarity, and transparency of state regulatory acts as well as decreasing the cost of fulfilling them, both for citizens and entrepreneurs as well as for the state. This is a proc-

ess of reorienting the activities of executive and local self-government bodies in order to implement principles which result in a balanced correlation between regulatory acts and the public relations they regulate. State regulatory policy aims to decrease interference by executive bodies and local self-government in the activities of economic entities, and to eliminate legal, administrative, economic, and organisational obstacles to the development of economic activity.

State regulatory policy is a part of the national policy of Ukraine aimed at providing conditions for sustainable economic growth and improving mechanisms of public administration.

The objective of state regulatory policy is to protect the constitutional rights and freedoms of citizens, public interests, and the exercising of effective authority by the people, both directly and through executive bodies and local self-government by means of effective government influence on economic and social processes, as well as optimisation of the administrative and legal regulation of economic relations, based on the establishment and functioning of principles of state regulation that govern the process of making new regulatory acts in such a way as to maximally meet the demands of society and be supported adequately by state resources.

*Regulatory acts* are understood to be official written documents adopted by relevant authorised entities, in a specific form and according to established procedure, that regulate societal relations by establishing the rules of behaviour for the subjects of such relations.

### 3. Principles of state regulatory reform policy

State regulatory policy should ensure:

- the transparency, consistency, and predictability of decisions of executive bodies and local self-government concerning regulatory acts;
- that new regulatory acts are introduced only after conducting comprehensive analyses of their potential effectiveness in achieving the established goals, and their possible impact on the economic climate in Ukraine;

- that periodical monitoring is carried out of the effectiveness and consequences of implementing existing regulatory acts and related measures;
- effective dialogue between executive and local self-government bodies and economic entities;
- the co-ordination of the activities of all central and local executive and self-government bodies;
- that executive bodies report on the implementation of state regulatory policy;
- the liability of public officials for non-execution of laws and infringement of established procedures.

Effective state regulation should be based on the principles of necessity, effectiveness, equitability, consistency, transparency, and simplicity with regard to regulatory acts.

*Necessity* requires the justification of government interference in the sectors where regulatory acts are proposed, and proof that the existing problems can be solved by state regulation.

*Effectiveness* entails analysing the benefits gained from regulatory acts, including assessing whether the expenditures by economic entities, citizens, and the state are justified and whether the regulatory acts are the most effective of all possible alternatives for reaching the set goal.

*Equitability* aims to provide equal rights for all economic entities. Fines should correspond adequately to the scope of the damage.

*Consistency* establishes the degree to which regulatory acts comply with the main provisions of the state regulatory policy, other declared state policies, and legislative and other regulatory acts, and prevents duplication.

*Transparency* allows ensuring the clarity, consistency, and understandability of regulatory acts, as well as their feasibility. Transparency enables monitoring the fulfilment of regulatory acts, and confirming the existence of clear implementation plans that include support and promotion of their execution by economic entities. Complete information on legislative and other regulatory acts, procedures for their implementation, and the work of bodies responsible for their execution should be available.

*Simplicity* means that regulatory acts must be simple in content with no ambiguous provisions, so that citizens and busi-

nesspeople have no difficulty understanding the provisions contained in these acts.

## 4. Orientation and scope of state regulatory policy

State regulatory policy should ensure the welfare and protect the rights, freedoms, and lawful interests of citizens and economic entities through promoting economic growth which is based on the initiative, knowledge, and skills of Ukrainian citizens.

State regulatory policy is primarily oriented toward:

- significantly improving the practice of regulating the activities of economic entities, which will lead to significant results in the Ukrainian economy and meet the social demands of the Ukrainian population;
- reviewing current regulatory acts as to their effectiveness in the new economic environment, improving the normative and legal foundations of the economic and social sectors;
- systematically monitoring the effectiveness of adopted regulatory acts, as well as evaluating their economic and social effects;
- establishing mandatory rules and a single procedure to ensure irrevocability and consistency of state regulatory policy.

State regulatory policy introduces new methodological and practical approaches for the optimisation, consistency, predictability and stability of state relations with economic entities. State regulatory policy encompasses all aspects of state regulation of economic entities, including legislative and other regulatory acts that establish responsibilities and affect the rights, freedoms, and lawful interests of citizens and economic entities. In particular, state regulation includes the following:

- 1) rules and procedures on economic entities' entering and exiting the market, as well as their establishment and liquidation;
- 2) system of permissions to conduct certain types of economic activity;

- 3) rules and procedures that regulate certain types of activity and are not governed by the system of permissions to conduct certain types of economic activity;
- 4) control over product safety and quality;
- 5) control over mandatory payments to budgets and special state funds;
- 6) rules on the scope and submission procedures for mandatory reports;
- 7) price setting;
- 8) antimonopoly regulations;
- 9) control and restriction of monetary and commodity flows (including investment and foreign economic activity);
- 10) regulation of employment and allocation of human resources.

Therefore, state policy should be applied in:

- the content of regulatory acts, in terms of their compliance with the principles of state regulatory policy;
- the sphere of administrative procedures that includes, among others, procedures for reconciliation of government decisions, consulting with non-government organisations, monitoring adopted decisions, and administrative responsibility for violations.

## 5. Mechanisms for applying state regulatory policy

The following are mechanisms for applying state regulatory policy:

- methodological support;
- organisational support;
- public support.

*Methodological support* of state regulatory policy includes:

- 1) Developing methodological recommendations to conduct analysis and evaluation of the effectiveness of regulatory acts concerning economic and social issues.

Analysis and evaluation of the effectiveness of regulatory acts includes, in particular, definitions of: (1) the achievement or probability of achieving the set goal; (2) the impact of the

acts on revenues to budgets of all levels and special state funds; (3) the volumes of resources expended by economic entities and citizens.

·2) Developing and implementing a system of evaluation criteria (i.e., indicators) for the economic effectiveness of regulatory activities and decisions by executive bodies, as well as their use in reports.

The system of evaluation criteria for the economic effectiveness of regulatory activities and decisions entails conducting an analysis of the application of regulatory acts over a certain period. This analysis should be formatted and submitted for consideration of the central executive body granted the authority to fulfil government policy in the field of state regulatory policy, upon its request.

3) Creating incentives in executive bodies to implement state regulatory policy.

Norms are being introduced that will oblige government bodies to define short- and long-term objectives for regulatory activities and continually monitor the results of the set tasks and analyse drawbacks. Further, analytical and summarising reporting systems are introduced for government bodies at all levels concerning regulatory acts. Effective methods are being developed to motivate public executive officials to implement concrete and effective measures with regard to state regulatory policy.

*Organisational support* of state regulatory policy includes:

1) Introduction of an effective procedure for reviewing current regulatory acts.

This procedure includes a definition of revision priorities, a procedure for conducting it, and procedure for approving, implementing, and appealing deregulatory decisions, as well as control over their fulfilment. Reviews can be conducted both selectively, choosing specific regulatory acts, and comprehensively, including whole sectors of the economy or fields of economic activity.

2) Introduction of an effective mechanism for co-ordinating reconciliation of proposals concerning new regulatory acts, holding public discussions and analyses.

This mechanism includes a mandatory procedure whereby all proposals initiated by executive bodies to introduce new regulatory acts must be agreed to by the government body responsible for state regulatory policy. In particular, draft

regulations must clearly justify their effectiveness in achieving the set goals, providing calculations of possible short- and long-term costs to economic entities, citizens, and the state. In order to ensure predictability of executive decisions and increase the trust of economic entities and citizens in government bodies, draft regulations must undergo public debate. This stage includes mandatory dissemination of draft regulatory acts in the mass media at least one month before they are to be issued, and analysis of suggestions received, either to be included in the draft or rejected with appropriate justification.

3) Granting a central executive body the necessary authority to fulfil state regulatory policy.

The fulfilment of state regulatory policy should be the responsibility of a specific central executive body, granted the authority to co-ordinate the activities of other central and local bodies concerning fulfilment of state regulatory policy, and to conduct expertise of current and draft new regulatory acts on their compliance with the principles of effective state regulation.

Granting the authority to fulfil state regulatory policy should imply a special status of this body, to be confirmed in a legislative act about this body. Defining special status includes granting bodies with this status the right to conduct analysis and evaluation of resolutions of the Cabinet of Ministers of Ukraine, with further submission of proposals concerning current resolutions of the Cabinet of Ministers of Ukraine for consideration by the Cabinet of Ministers of Ukraine. It is necessary to legally establish the obligation of the Cabinet of Ministers of Ukraine to consider proposals of the central executive body with special status at its regular session.

4) Establishing relevant subdivisions in central and local executive bodies, assigning them functions with regard to implementing state regulatory policy.

Implementation of state regulatory policy must be carried out by each executive body through establishing and the active work of relevant subdivisions within these bodies. Responsibility to carry out this work must be assigned to one of the deputy heads of these bodies. One of the main tasks of such structural subdivisions is to review and submit expert conclusions concerning draft regulatory acts developed by the executive bodies as to their compliance with the principles of effective state regulation.

5) Establishing liability in government bodies for the non-fulfilment of state regulatory policy.

*Public support* of state regulatory policy includes:

- 1) public discussion of state regulatory policy measures, holding open consultations with interested parties, considering public opinion;
- 2) involving non-government structures (associations, unions, scientific and research organisations, etc.) in the evaluation of the effectiveness of state regulatory policy measures;
- 3) development and implementation of a feedback system with non-government structures and entities that are directly or indirectly affected by regulatory acts.

State regulatory policy measures should be published in the executive government's newspaper *Uriadovi kur'ier* and discussed during a regular program on a nation wide TV channel.

## 6. Concluding provisions

Fulfilment of state regulatory policy in accordance with this proposed Conception will ensure a new quality level of state regulation. The main features of public regulation in the economic and social sectors will be predictability, consistency, and accountability for the final outcomes of decisions made.

Gradual improvement of state regulation will allow using limited government resources to decrease regulation costs for citizens and the state, which will increase the competitiveness of products and improve the investment climate in Ukraine. State regulation of the Ukrainian economy will become maximally transparent and predictable.

Improved state regulatory procedures will help to decrease the shadow sector of the economy.

All of the aforementioned factors will positively affect economic growth in Ukraine, and increase social and political stability.

*Please send your comments and suggestions on the Conception for the State Regulatory Policy by e-mail to [mirosh@dkrp.gov.ua](mailto:mirosh@dkrp.gov.ua) (Oleh Miroshnychenko) or [rrp@icps.kiev.ua](mailto:rrp@icps.kiev.ua) (Andrii Palianytsia).*



# Appendix

*List of legislative acts on which the State Committee of Ukraine for Entrepreneurship (SCE) has passed decisions concerning the requirement to eliminate violations of Presidential Decree No. 79/98 dated Feb 3, 1998*

*As of July 27, 1999*

Normative and legal acts*	Date of SCE decision	Document status
1. Derzhkommedbioprom Order No. 135 "On approving the prices for services of licensing consultation, issuance of addenda to licenses, and copies of licenses" dated Dec. 30, 1997	Letter No. 5-706 dated May 7, 1998	suspended by Order No. 25 dated May 25, 1998, then annulled by Order No. 100 dated Sep. 10, 1998
2. Derzhstandart Order No. 520 "On approving the rules for mandatory certification of services provided by auto-repair shops" dated Aug. 28, 1997	Letter No. 10-767 dated May 15, 1998 Decision No. 17-35/5 dated May 17, 1999	suspended, as reported in the <i>Uriadovyi kur'ier</i> newspaper No. 122 dated July 3, 1999
3. Derzhstandart Order No. 549 "On supplementing the List of products subject to mandatory certification in Ukraine and the Terms of the introduction of mandatory certification for certain types of products in Ukraine" dated Sep. 11, 1997		

\* Abbreviations of state bodies of Ukraine used in this appendix:

AMC	– Antimonopoly Committee
Derzhkommedbioprom	– State Committee on the Medical and Microbiology Industry
Derzhrybhosp	– State Fisheries Committee
Derzhspetsmonopolia	– State Specialised Committee on the Monopoly Production and Circulation of Alcoholic Beverages and Tobacco Products
Derzhstandart	– State Committee on Standardization, Metrology, and Certification
DSTU	– State Standards for Technical Specifications)
ICD	– Interagency Council on Deregulation
MEPNS	– Ministry of Environmental Protection and Nuclear Safety
MFERT	– Ministry of Foreign Economic Relations and Trade
MHC	– Ministry of Health Care
MIA	– Ministry of Internal Affairs
Minfin	– Ministry of Finance
Minjust	– Ministry of Justice
Minprom	– Ministry of Industrial Policy
Minstat	– Ministry of Statistics (now Derzhkomstat, a state committee)
Mintrans	– Ministry of Transport
SCS	– State Customs Service
STA	– State Tax Administration

4.	MHC Order No. 66 “On approving the primary accounting form No.1–OMK and the Instruction on the procedure for maintaining it” dated Mar. 11, 1998	Letter No. 17-1479 dated Aug. 11, 1998	MHC Letter No. 5.08.07.19-395 dated Sep. 3, 1998 addressed to SCE informs that the power of said Order is suspended
5.	Directive No. 293 of the Lokhvytsia raion state administration “On additional measures to reduce arrears in the collection of mandatory state pension insurance payments” dated Jun. 20, 1998	Letter No. 17-1763 dated Sep. 21, 1998	Directive No. 465 dated Sep. 30, 1998 makes changes to comply with current legislation and SCE decision
6.	Directive No. 332 of the Lokhvytsia raion state administration “On urgent measures to ensure revenues to the Pension Fund and pay off pension arrears for 1998” dated Jul. 7, 1998		
7.	MIA Order No. 203 “On the procedure for the production and registration of automobile license number plates” dated Apr. 14, 1998	Decision No. 17-01/10 dated Oct. 16, 1998	repealed by MIA Order No. 868 dated Nov. 20, 1998
8.	Joint Order No. 228/253 of Minstat and Mintrans “On approving the Instructions on the procedure for production, storage and application of standard primary documentation for road haulage and accountancy of haulage” dated Aug. 8, 1996	Decision No. 17-02/10 dated Oct. 16, 1998	draft new Instruction developed and approved by SCE on June 18, 1999
9.	Joint Order No. 13/12 of Minstat and Mintrans “On amending the Instruction on the procedure for production, storage and application of standard primary documentation for road haulage and accountancy of haulage” dated Jan. 17, 1997		
10.	Derzhkommedbioprom Order No. 102 “On the procedure for reconciling with Derzh-kommedbioprom obtaining licenses to import pharmaceutical, cosmetic, and personal hygiene products subject to licensing in 1997” dated Sep. 30, 1997; the Order was extended for 1998 by Order No. 2 dated Jan. 6, 1998	Decision No. 17-03/10 dated Oct. 16, 1998	expired; Order No. 8 dated Jan. 19, 1999 currently valid, includes SCE suggestions
11.	Directive No. 214 of the Kyiv oblast state administration “On amending Directive No. 47 of the Head of the oblast administration ‘On the organization of the control of passenger transportation by inter-city, suburban, and city routes in the oblast’ dated Jan. 30, 1998” dated Apr. 28, 1998	Decision No. 17-04/10 dated Oct. 16, 1998	amended by Directive No. 618 dated Jan. 12, 1998

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12. MFERT Order No. 56 of the “On amending the Rules of trade in markets” dated Jan. 30, 1998	Decision No. 17-05/10 dated Oct. 16, 1998	Appeal to ICD No. 15-06/24-710 dated Oct. 23, 1998; consultations among SCE, MFERT, STA, and Minjust are being held
13. DSTU 3411-96 “UkrSEPRO certification system. Requirements for agencies certifying production and the accreditation procedure”	Decision No. 17-06/10 dated Oct. 21, 1998	no appeal to ICD; SCE initiated consideration of this issue at ICD (letter No. 17-6 to the head of the Council dated Jan. 4, 1999)
14. DSTU 3412-96 “UkrSEPRO certification system. Requirements for agencies certifying production and the accreditation procedure”		
15. DSTU 3420-96 “UkrSEPRO certification system. Requirements for agencies certifying quality and the accreditation procedure”		
16. DSTU 3416-96 “UkrSEPRO certification system. Procedure for the registration of subjects of voluntary certification”		
17. DSTU 3410-96 “UkrSEPRO certification system. Basic provisions”		
18. Directive No. 615 of the Vyshhorod raion state administration “On the insurance of property and premises under lease on the territory of the Vyshhorod raion” dated Oct. 26, 1997	Decision No. 17-07/10 dated Oct. 27, 1998; Decision No. 17-22/3 dated Mar. 22, 1999	annulled by Directive No. 189 dated Apr. 19, 1999
19. Directive No. 78 of the Vyshhorod raion state administration “On payment for the registration of inventory and cashiers’ books” dated Feb. 12, 1998	Decision No. 17-08/10 dated Oct. 27, 1998	annulled by Directive No. 576 dated Nov. 18, 1998
20. Mintrans Order No. 178 “On approving the Instruction on the procedure for licensing businesses engaged in internal and international passenger transit and cargo haulage and control over compliance with the instruction” dated Jul. 19, 1993	Decision No. 17-09/10 dated Oct. 30, 1998	new joint order of the Licensing Chamber and Mintrans is being prepared (Letter No. 2/25-4-9759 dated Nov. 16, 1998); SCE, Licensing Chamber, and AMC consultations are being held

21. Directive No. 1746 of the Kyiv city state administration "On the regulation of prices on certain kinds of food-stuffs and on fruits and vegetables" dated Nov. 4, 1996	Decision No. 17-10/12 dated Dec. 3, 1998	Reply No. 003-722 by the Kyiv city administration dated Dec. 31, 1998 informing that the Kyiv City Council adopted these directives by its Decision No. 2 dated Sep. 17, 1998
22. Directive No. 1913 of the Kyiv city state administration "On measures for the stabilization of the consumer market of certain food-stuffs" dated Sep. 14, 1998		
23. Directive No. 1776 of the Kyiv city state administration "On the establishment of a self-sufficient passenger transportation office" dated Nov. 4, 1997	Letter No. 9-987 dated June 12, 1998; Decision No. 17-11/12 dated Dec. 3, 1998	Appeal No. 001-713 to ICD dated Dec. 25, 1998 rejected Feb. 22, 1999
24. Order No. 533 of the State Tax Administration "On the procedure of granting a certificate of payment of fixed tax by a small business – sole entrepreneur" dated Nov. 10, 1998	Decision No. 17-12/12 dated Dec. 7, 1998	Appeal No. 14130/11/17-0416 to ICD dated Dec. 12, 1998 partially adopted;  Explanatory letter No. 2638/7/170416 from STA "On clarification in the form of a Report on payers of the single tax" dated Feb. 22, 1999, with some SCE suggestions considered
25. Joint Order No. 141/4 of the MEPNS and Derzhrybhossp "On approving the Instruction on the procedure for establishing and allocation of limits, granting of quotas, issuance of authorizations, industrial tickets and stubs for special exploitation of water resources of national importance", dated Sep. 2, 1997	Decision No. 17-13/12 dated Dec. 3, 1998	draft changes and amendments No.4-86-252 dated June 7, 1999 were submitted to SCE a second time; approved
26. Minfin Order No. 196 "On approving the Regulations on simplified bookkeeping for small businesses" dated Sep. 30, 1998	Decision No. 17-14/12 dated Dec. 7, 1998	Appeal No. 22-03/74 to ICD dated Dec. 22, 1998 rejected
27. Directive No. 433-A of the Poltava oblast state administration "On measures to halt the increase of consumer prices" dated Sep. 7, 1998	Decision No. 17-15/12 dated Dec. 7, 1998	Letter No. 37/02-518 of the Ministry of Economy dated Dec. 28, 1998 stating that said directive is invalid since Dec. 1, 1998

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28. SCS Order No. 410 "On implementing customs registration of private entrepreneurs at the Kyiv regional customs office" dated Sep. 8, 1998	Decision No. 17-16/12 dated Dec. 14, 1998	annulled by Order No. 20 of the SCS dated Jan.14, 1999
29. Minprom Directive No. 135 "On additional measures concerning the implementation of Order No. 368/127 dated Jul. 8, 1996" dated Jul. 14, 1995	Decision No. 17-1/1 dated Jan. 11, 1999	both annulled by directives No. 31 dated Sep. 12, 1999 and No. 214 dated Nov. 23, 1998, respectively
30. Minprom Directive No. 136 "On additional measures concerning the implementation of orders No. 132/2572 and No. 133/2573 dated Feb. 24, 1998 registered at the Ministry of Justice" dated Jul. 14, 1998		
31. MHC Letter No. 19-03-22 "On the state accreditation of health care institutions" dated Jul. 2, 1998	Decision No. 17-2/1 dated Jan. 11, 1999	MHC Order No. 28 dated Feb. 11, 1999 amends Order No. 287 "On accrediting health care institutions" dated Sep. 29, 1997
32. Derzhkomstat Order No. 263 "On approving the standard documentation and the Instruction on its production, storage and application" dated Jul. 27, 1998	Decision No. 17-3/1 dated Jan. 11, 1999; Decision No. 17-24/3 dated Mar.31, 1999	suspended, as reported in <i>Uriadovyi kur'ier</i> newspaper No. 100 dated Sep.29, 1997
33. Instructional Letter No. 20-8-604 of the MEPNS State Ecological Inspectorate dated Jul. 24, 1998	Decision No. 17-4/1 dated Jan. 11, 1999	Appeal No. 23-6-13 to ICD dated Feb. 2, 1999 pending
34. MEPNS Letter No. 20-8/15-397 dated Sep. 17, 1998 "On the export of scrap metal"		
35. STA Order No. 415 "On the procedure for banking institutions to provide information to tax authorities on cost availability and transference of clients' accounts (upon request) and information the implementation of single financial operations of considerable size" dated Aug. 28, 1998	Decision No. 17-5/1 dated Jan. 18, 1999	Decision No. 1/1 of the Supreme Arbitration Court of Ukraine dated Feb. 3, 1999 annulling said order
36. Order No.132 of Zaporizhia Customs "On the provisional technological scheme for transferring cargo under customs control of Zaporizhia Customs to an enterprise for supervised storage" dated Jun. 25, 1998	Decision No. 17-6/1 dated Jan. 13, 1999	Letter from the SCS to the head of Zaporizhia Customs demanding repeal of said order; annulled by Order No. 67 dated Mar. 10, 1999

37. Order No. 234 of Ukraviatrans "On the application of standard accounting forms for aircraft haulage" dated Jun. 23, 1998	Decision No. 17-8/1 dated Jan. 19, 1999	Mar. 30, 1999 round table held between SCE and Ukraviatrans: deregulation currently impossible due to objective reasons
38. STA Order No. 343 "On approving the Regulations on the registration and application of electronic cash machines for trade and public services" dated Sep. 18, 1997	Decision No. 17-9/1 dated Jan. 20, 1999	Order No. 660 dated Dec. 31, 1998 registered by Minjust on Feb. 2, 1999 establishes new version of said order; some SCE suggestions are considered
39. Directive No. 1200 of the Luhansk oblast state administration "On the amount of local sales tax for alcoholic beverages and tobacco products" dated Dec. 8, 1998	Decision No. 17-10/2 dated Feb. 3, 1999	annulled by Directive No. 94 dated Feb. 19, 1999
40. Directive No. 1097 of the Kremin raion state administration, Luhansk oblast "On the amount of local sales tax for alcohol and tobacco products" dated Dec. 30, 1998	Decision No. 17-11/2 dated Feb. 3, 1999	annulled by Directive No. 142 dated Feb. 18, 1999
41. Mintrans Order No. 424 "On approving the Instructions on the procedure for issuing licenses to businesses for the domestic and international transport of passengers and cargo by sea or river transport; conditions and rules for said domestic and international transportation; and control over their enforcement" dated Aug. 5, 1994	Decision No. 17-12/2 dated Feb. 3, 1999	Mintrans Letter No. 02/20-465 dated Mar. 26, 1999 to SCE informing that said order will soon be annulled
42. Directive No. 573 of the Ternopil oblast administration "On approving the Regulations for the appropriation and seizure (buyout) of land in Ternopil oblast" dated Dec. 20, 1996	Decision No. 17-13/2 dated Feb. 8, 1999	repealed according to Directive No. 124 dated Apr. 6, 1999
43. STA Directive No. 272-p "On introducing the Procedure for conducting spot checks and reviewing relevant materials" dated Sep. 25, 1998	Decision No. 17-14/2 dated Feb. 16, 1999	Appeal No. 294/3/23-3211 dated Mar. 17, 1999 to ICD pending; consultation held Apr. 29, 1999
44. Derzhspetsmonopolia Order No. 27 "On approving the Procedure for handing in documents to Derzhspetsmonopolia for the issuance of licenses for selling alcoholic beverages and tobacco products" dated Dec. 18, 1998	Decision No. 17-15/2 dated Feb. 25, 1999; Decision No. 17-25/4 dated Apr. 6, 1999	Draft changes sent to Licensing Chamber of Ukraine (Order No. 79 dated May 19, 1999)

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45. Directive No. 1074 of the Luhansk oblast state administration "On payments from the sale of petroleum products" dated Oct. 23, 1998	Decision No. 17-17/3 dated Mar. 2, 1999	Directive No. 181 dated Mar. 19, 1999 makes changes to said directive
46. Directive No. 2301-p of the Sevastopol city state administration "On advertising in the city of Sevastopol" dated Dec. 8, 1998	Decision No. 17-18/3 dated Mar. 3, 1999	Directive No. 973-p dated June 11, 1999 makes changes to said directive
47. Directive No. 400 of the Kyiv city state administration "On the procedure of locating architectural forms and objects of external advertisement in the city of Kyiv" dated Feb. 26, 1998	Decision No. 17-19/3 dated Mar. 4, 1999	Letter No. 005-161 of the Kyiv city state administration dated Mar. 23, 1999 to SCE containing draft Directive for approval, which considers almost all SCE suggestions
48. Directive No. 771/4-97 of the Odesa oblast state administration "On enforcing control over the production and sale of foodstuffs on the territory of Odesa oblast" dated Nov. 3, 1997	Decision No. 17-20/3 dated Mar. 12, 1999	annulled by Directive No. 187/A-99 dated Mar. 4, 1999;
49. Directive No. 571/A-98 of the Odesa oblast state administration "On conducting attestation of products of public catering enterprises" dated Jul. 3, 1998		annulled by Directive No. 360/A-99 dated Apr. 22, 1999
50. Minfin Order No. 43 "On the procedure for including gross expenditures" dated Feb. 26, 1998	Decision No. 17-23/3 dated Mar. 24, 1999	Order No. 103 dated Apr. 8, 1999 makes SCE changes
51. Letter No. 04/1517 of the Pension Fund of Ukraine "On determining amounts of financial sanctions" dated Apr. 28, 1998	Decision No. 17-27/4 dated Apr. 29, 1999	annulled by Letter No. 64/3267 dated June 16, 1999
52. MHC Order No. 190 "On state sanitary and hygienic expertise for the development, production and application of products which may be harmful to human health" dated Oct. 20, 1995	Decision No. 17-28/4 dated Apr. 23, 1999	June 30, 1999 SCE meeting with MHC agrees to execute SCE decision by Oct. 1, 1999
53. MHC Order No. 74 "On approving the Regulations on the State registry of medical products and the Regulations on the procedure for state registration of imported medical equipment in Ukraine" dated Apr. 26, 1995	Decision No. 17-29/4 dated Apr. 23, 1999	Letter No. 1204 to SCE dated June 4, 1999 promising to make changes as soon as possible

54. MFERT Order No. 351 "On measures for the issuance of licenses for retail trade in alcoholic beverages and tobacco products by co-operative consumer enterprises and economic entities that provide public catering services" dated Jun. 25, 1996	Decision No. 17-30/5 dated May 5, 1999	Order No. 359 dated May 24, 1999 to make changes recommended by SCE
55. MFERT Order No. 347 "On measures for the issuance of licenses for retail trade in alcoholic beverages and tobacco products" dated Jun. 17, 1996		
56. MFERT Order No. 530 "On approving the Regulations on bar-coding of goods" dated August 27, 1996	Decision No. 17-33/5 dated May 13, 1999	Appeal No. 01/15-646 to ICD dated May 21, 1999; Order No. 418 dated June. 14, 1999 makes changes to said order
57. Minutes No. 12 of the Kyiv Champagne Plant closed JSC approved by Deputy Head of the Kyiv city state administration dated Mar. 3, 1999	Decision No. 17-34/5 dated May 13, 1999	Letter No. 041-1107 dated June 24, 1999 to SCE informing that Clause 2.1 of the Minutes was annulled by Letter No. 007-301 dated June 23, 1999
58. Directive No. 830 of Chernihiv oblast state administration "On additional measures to improve the supply of grain and baked goods to the oblast population" dated Dec. 16, 1998	Decision No. 17-35/5 dated May 13, 1999	Appeal No. 02/0140/2833 to ICD dated June 3, 1999 pending
59. Derzhspetsmonopolia Order No. 67 "On approving the procedure for inspecting businesses as to their compliance with requirements for obtaining licenses for the right to wholesale trade in alcoholic beverages and tobacco products" dated April 21, 1999	Decision No. 17/39-6 dated June 17, 1999	Order No. 111 dated Jul. 14, 1999 makes SCE proposed changes
60. MFERT Order No. 365 "On approving the procedure for development and approval of technological information on specialty meals, culinary and confectionery products in public catering enterprises" dated July 23, 1997	Decision No. 17/40-7 dated July 2, 1999	Letter No. 01-15/908 to SCE dated July 12, 1999 informing about developed draft changes to the said order, adopting all SCE suggestions

*Source: State Committee of Ukraine for Entrepreneurship*



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